

Message Text

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PAGE 01 LA PAZ 02784 081311Z

53

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

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FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 293

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LIMA FOR CIVAIR ATTACHE

E.O. 11652: N/A

TAGS: EAIR ENRG BL

SUBJECT: BRANIFF OFFICIALS VISIT BOLIVIA

REF: STATE 69304

1. BRANIFF VICE PRESIDENTS SOUTH AND DEMURIAS VISITED EMBASSY MARCH 25 AND APRIL 1 RESPECTIVELY TO ADVISE OF SEVERAL PROBLEMS BRANIFF ENCOUNTERING IN BOLIVIA. BRANIFF OFFICIALS, INCLUDING PRESIDENT LAWRENCE, DURING SAME PERIOD MET WITH GOB AND LAB OFFICIALS TO DISCUSS AVIATION MATTERS AND TO NEGOTIATE A NEW TECHNICAL ASSISTANCE AGREEMENT BETWEEN BRANIFF AND LAB. BRANIFF OFFICIALS DID NOT REQUEST ANY SPECIFIC EMBASSY ACTION ALTHOUGH THEY INDICATED USG ASSISTANCE IN FUTURE MAY BE REQUESTED IF PROBLEMS ARE NOT SOLVED.

2. MAJOR BRANIFF CONCERNS WERE SCHEDULING PROBLEMS AND DISCRIMINATION IN JET FUEL PRICES. A THIRD ISSUE IS RECIPROCAL TAXATION.

A. BRANIFF WAS NOT CONCERNED BY GOB'S INITIAL DELAY IN APPROVING A SCHEDULE CHANGE IN FEBRUARY, 1976. ACCORDING TO LIMITED OFFICIAL USE

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PAGE 02 LA PAZ 02784 081311Z

BRANIFF US-GOB BILATERAL ONLY REQUIRES NOTIFICATION OF SCHEDULE

CHANGE AND GOB AUTHORIZING CERTIFICATE IS SUPPOSED TO BE AUTOMATIC. FURTHERMORE, BRANIFF HAS AN ARRANGEMENT WITH BOLIVIA'S NATIONAL AIRLINE, LAB, WHEREBY LAB WILL SUPPORT BRANIFF ON SUCH ISSUES. INSTEAD, ACCORDING TO BRANIFF, WHILE LAB PRESIDENT MARIO PATINO WAS IN THE US, SOME LAB OFFICIALS OPPOSED THE SCHEDULE CHANGE PLANNED FOR FEBRUARY AND GOB FAILED TO AUTHORIZE FORMALLY THE CHANGE. BRANIFF CONTACTED PATINO, WHO RETURNED TO LA PAZ AND OBTAINED GOB CONCURRENCE AT THE LAST MINUTE. BRANIFF HAS ANOTHER SEASONAL SCHEDULE CHANGE PLANNED FOR OCTOBER, AND PATINO HAS ADVISED THAT DESPITE HIS BEING PRESIDENT OF LAB, HE MAY HAVE DIFFICULTY OVERSOMING OBJECTIONS OF OTHER (UNSPECIFIED) LAB OFFICIALS IF SCHEDULE CHANGE NOT CONSISTENT WITH THEIR VIEW OF LAB INTERESTS. BRANIFF THEREFORE FORESEES A POTENTIAL PROBLEM WITH AUTOMATIC APPROVAL OF OCTOBER SCHEDULE CHANGE.

B. BRANIFF ALSO SAYS IT IS BEING DISCRIMINATED AGAINST ON JET FUEL PRICES AND AIRPORT CHARGES, PAYING (ALONG WITH OTHER FOREIGN AIRLINES) \$0.60 PER GALLON WHEREAS LAB PAYS \$0.42 OR LESS. DEMURIAS SAID A BRANIFF OFFICIAL HAD DISCUSSED THIS WITH YPFB, BOLIVIA'S GOVERNMENT PETROLEUM CORPORATION, BUT HE WAS NOT AWARE OF SPECIFIC RESULTS. DEMURIAS SAID BRANIFF HAD DISCUSSED AIRPORT CHARGES WITH AASANA WHICH WAS UNWILLING TO CONSIDER TARIFF CHANGES.

C. FINALLY, BRANIFF DISCUSSED WITH LAB A RECIPROCAL TAX AGREEMENT. LAB OFFICIALS INDICATED THAT SINCE BRANIFF HAS MANY MORE FLIGHTS TO BOLIVIA THAN LAB HAS TO US, AND THEREFORE A GREATER LAX LIABILITY, GOB WOULD BE UNLIKELY TO AGREE TO RECIPROCAL TAXATION AGREEMENT.

3. EMBASSY COMMENT: BRANIFF OFFICIALS CONVEYED IMPRESSION THAT WHILE PROBLEMS ARE IMPORTANT, THEY ARE NOT UNUSUAL, AND BRANIFF INTENDS TO DEAL WITH THEM ITSELF UNLESS AN IMPASSE OCCURS. NO REQUEST FOR SPECIFIC EMBASSY ASSISTANCE WAS MADE, ALTHOUGH MENTION OF A CABLE FROM THE DEPARTMENT WAS REFERRED TO. EMBASSY IS OF COURSE PREPARED TO ASSIST IN ANY WAY DEPARTMENT CONSIDERS APPROPRIATE.

4. DURING COURSE OF VISITS, LAB OFFICIAL CASANOVAS, WHO HANDLED LIMITED OFFICIAL USE

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PAGE 03 LA PAZ 02784 081311Z

USG-GOB BILATERAL AVIATION CONSULTATIONS IN MAY 1975, ADVISED POL/ECOM OFFICER THAT GOB PLANS TO RAISE OFFICIALLY SEVERAL AVIATION MATTERS WITH EMBASSY IN NEAR FUTURE, BUT HE WAS VAGUE ON EXACT SUBJECTS.
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